# DHHS Budget Initiative – Critical Access Hospital Reimbursement Rate Reduction

## **Critical Access Hospitals**

In SFY 2012, Critical Access Hospitals (CAH) were paid \$91,123,522 through Prospective Interim Payments (PIP), representing 16% of total hospital spending.

Maine currently has 16 Critical Access Hospitals:

- Blue Hill
- Bridgton
- Calais
- Charles A. Dean
- Down East Community
- Houlton Regional
- Mayo Regional
- Millinocket

- Mount Desert Island
- Penobscot Valley
- Redington-Fairview
- Rumford Community
- Saint Andrews
- Sebasticook Valley
- Stephen's Memorial
- Waldo County General

To qualify as a Critical Access Hospital, the Hospital must meet the following criteria:

- Furnish 24-hour emergency care services 7 days a week, using either on-site or on-call staff;
- Provide no more than 25 inpatient beds that can be used for either inpatient or swing bed services; however, it may also operate a distinct part rehabilitation or psychiatric unit, each with up to 10 beds;
- Have an average annual length of stay of 96 hours or less per patient for acute care (excluding swing bed services and beds that are within distinct part units); and
- Be located either more than a 35-mile drive from the nearest hospital or CAH or more than a 15-mile drive in areas with mountainous terrain

#### **Initiative**

Currently MaineCare reimburses Critical Access Hospitals at 109% of allowable costs. This initiative achieves savings by reducing reimbursements to align with Medicare's current reimbursement rate of 101%.

### **Savings:**

Year	State	Federal	Total	% of total SFY Spending
SFY 13	\$612,000	\$1,150,165	\$1,762,165	2 percent
SFY 14	\$2,448,000	\$3,962,055	\$6,410,055	7 percent
SFY 15	\$2,448,000	\$3,918,710	\$6,366,710	7 percent

## **Impact**

 Management of the reimbursement reduction from 109% to align with the Medicare reimbursement rate will vary by hospital administration, and impact to individual MaineCare members cannot be accurately assessed by the Department.